

Program Income from Land Bank Activities

Instructions for Grantees and Sub-Grantees

Land Bank

Activity Definition

Establish land banks for homes *and residential properties*¹ that have been foreclosed upon²

Additional guidance - NSP Notice:

“Land bank. A land bank is a governmental or nongovernmental nonprofit entity established, at least in part, to assemble, temporarily manage, and dispose of vacant land for the purpose of stabilizing neighborhoods and encouraging re-use or redevelopment of urban property. For the purposes of the NSP program, a land bank will operate in a specific, defined geographic area. It will purchase properties that have been abandoned or foreclosed upon and maintain, assemble, facilitate redevelopment of, market, and dispose of the land-banked properties. If the land bank is a governmental entity, it may also maintain abandoned or foreclosed property that it does not own, provided it charges the owner of the property the full cost of the service or places a lien on the property for the full cost of the service.”

Applicability of these instructions

Guidance applies to property acquired with NSP funds for land bank purposes during holding period.

NOTE for Land Bank Sub-Grantees: Applicability of the \$25,000 threshold for program income is based on **ALL program income received by a Grantee** during a program year.

When Land Bank sells property – refer to Program Income Guidance from Sale of NSP Acquired Property

¹ Added by ARRA

² NSP Section 2301(c)(3)(C)

NSP funds allocated for on-going expenses

Revenue received is an “applicable credit”

Reduces the amount of NSP funds allocable for on-going expenses

This revenue is **NOT Program Income**.

Example:

NSP Funds allocated for on-going expenses	\$2,500
Temp rent revenue (allocable credit)	\$ 500
On-going expenses allocable to NSP	\$2,000

Revenue received is more than the amount of NSP funds for on-going expenses

Excess revenue **IS** Program Income

Example:

NSP Funds allocated for on going expenses	\$2,500
Temp rent revenue	\$3,000
Revenue – Applicable Credit	\$2,500
NSP program income	\$ 500
On-going expenses allocable to NSP	\$ 0

NSP not used for on-going expenses:

Revenue received will be used first in accordance with the terms and conditions specified by the entity providing funds for on-going expenses.

If the Land Bank receives revenue in excess of ongoing expenses for an NSP financed Land Bank activity, the excess revenue is NSP Program Income based on the proportion of NSP funds were used to acquire the property.

Acquisition cost	100% NSP
Excess revenue	\$500
NSP Program Income	\$500

Acquisition cost	80% NSP
Excess revenue	\$500
NSP program income	\$400

Reporting and Tracking Program Income during holding period

The Land Bank entity will follow the procedures described in the Tracking and Reporting instructions.

Use the Monthly Program Income worksheet

Remit Program Income and the worksheet by the 10th day of the month following receipt to:

Manager of Budget and Finance
Colorado Division of Housing
1313 Sherman Street, Room 518
Denver, CO 80203

NOTE: The HUD NSP Notice specifies that a Land Bank may not hold property for more than 10 years. However, there is no other time limit on Program Income generated from an NSP Land Bank. Program Income received from any Land Bank activity will be returned to the State for use under the terms of its NSP Substantial Amendment.